

Message Text

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PAGE 01 BUENOS 02891 031946Z

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ACTION ARA-02

INFO OCT-01 ISO-00 EB-01 /004 W
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R 031350Z APR 76

FM AMEMBASSY BUENOS AIRES

TO USDOC

INFO SECSTATE WASHDC 5484

AMEMBASSY MONTEVIDEO

LIMITED OFFICIAL USE BUENOS AIRES 2891

E.O. 11652: N/A

TAGS: BENC, AR

SUBJECT: MAJOR PROJECT: SALTO GRANDE POWER

BUENOS AIRES 2669 SENT TO SECSTATE AND MONTEVIDEO APRIL 22
IS H/W SENT TO USDOC:

QUOTE

REF: STATE 087721 B) BA-A233, NOV. 7, 1975.

1. SALTO GRANDE PROJECT IS ON SCHEDULE SO FAR. CONSTRUCTION
AND CIVIL WORKS BEGAN IN APRIL 74 AND SHOULD BE COMPLETED
BY APRIL 79. DELAYS ARE ANTICIPATED IN THE FUTURE BECAUSE
THE PRODUCTION SCHEDULE FOR THE TURBO-GENERATOR GROUPS
BY THE SOVIETS IS NOW MANY MONTHS BEHIND SCHEDULE.

2. CONTRACTORS HAVE HAD PROBLEMS IN GETTING PAID ON TIME
OVER THE PAST 12 MONTHS. BOTH ENGINEERING CONSULTANTS
(CHARLES T. MAIN OF BOSTON) AND CIVIL WORKS CONTRACTORS
ITALIAN FIRM IMPREGILIO, HAVE BEEN CLOSE TO POINT OF
STOPPING WORK ON PROJECT BECAUSE OF DELAYS IN MAKING
CONTRACT PAYMENT TO THEM. THESE DELAYS HAVE BEEN DUE
IN LARGE MEASURE TO THE UNSETTLED STATE OF ARGENTINE
DOMESTIC FINANCES AND ARGENTINA'S BALANCE OF PAYMENT
CRISIS. THESE PROBLEMS SEEM TO HAVE BEEN TEMPORARILY
RESOLVED WITH THE INTERVENTION AND ASSISTANCE OF THE LOCAL
IDB OFFICE (IDB IS FINANCING DOLLAR COMPONENT OF CIVIL
WORKS).

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PAGE 02 BUENOS 02891 031946Z

3. ADDITIONALLY US CONSULTING ENGINEERS HAVE HAD CONTINUOUS

PROBLEMS WITH THE CLIENT, COMISION TECNICA MIXTA (CTM). IN PART THIS HAS NO DOUBT BEEN DUE TO INEXPERIENCE OF CLIENT IN WORKS OF THIS MAGNITUDE. BUT BOTH MAIN AND THIS EMBASSY BELIEVE IT HAS BEEN IN GOOD MEASURE DUE TO HOSTILITY OF CERTAIN MEMBERS OF ARGENTINE CTM DELEGATION TOWARDS MAIN. ONLY RATIONALE WE CAN THINK OF TO EXPLAIN THIS ATTITUDE IS IDEOLOGICAL. SEVERAL ARGENTINE DELEGATES MAY BE ILL DISPOSED TOWARDS US.

4. THE ONLY REMAINING WORK TO BE TENDERED INTERNATIONALLY IS THE NAVIGATION LOCK SYSTEM. OUR REPORT ON THS POTENTIAL TRADE OPPORTUNITY (SEE REFERENCE B) REMAINS VALID. THE CHANGE IN GOVERNMENT ON MARCH 24 WILL UNDOUBTEDLY BRING CHANGES ON THE ARGENTINE SIDE OF THE COMISION TECNICA MIXTA (CTM). WE UNDERSTAND, HOWEVER, THAT HEAD OF ARGENTINA DELEGATION, FELIX HERRERO, AND EXECUTIVE DIRECTOR LUDOVICO IVANESEVICH HAVE BEEN ASKED TO STAY ON FOR THE TIME BEING. OTHER DELEGATES HAVE RESIGNED.

5. LAST MAJOR BID CONTEST FOR TRANSFORMERS JUST AWARDED TO JAPANESE WHO HAD BOTH BETTER PRICE AND BETTER FINANCING OFFER THAN US FIRMS. (US FINANCING OFFER WAS LEAST COMPETITIVE OF THE HALF DOZEN OFFERS RECEIVED).
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